

Message Text

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ACTION ARA-14

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OMB-01 CIAE-00 INR-07 NSAE-00 DODE-00 /036 W

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FM AMEMBASSY LIMA

TO SECSTATE WASHDC 6092

INFO AMEMBASSY BOGOTA

AMEMBASSY CARACAS

AMEMBASSY LA PAZ

AMEMBASSY QUITO

UNCLAS LIMA 6728

EO 11652: N/A

TAGS: ECIN, PE

SUBJ: PROSPECTS FOR ANDEAN PACT AUTOMOTIVE PROGRAM

REF: LIMA 6532

1. OVER THE WEEKEND THE LIMA PRESS CARRIED AN EXTENSIVE INTERVIEW WITH INTEGRATION MINISTER RAFAEL DURAN REY WHICH INDICATED THAT PROGRESS HAD BEEN MADE IN ALLEVIATING PERU'S DISSATISFACTION WITH THE DRAFT AUTOMOTIVE SECTORAL PROGRAM. DURAN SPECIFIED THAT PERU'S COMPLAINT WAS THAT IT NEEDED AT LEAST A SHARED ASSIGNMENT OF A-2 VEHICLES (1000 TO 1500 CC CYLINDER DISPLACEMENT) AND B-2 TRUCKS (4500 TO 9000 KILOS VEHICULAR WEIGHT). UNDER THE EXISTING DRAFT PROGRAM ASSIGNMENT THE FORMER IS SHARED BY COLOMBIA AND ECUADOR AND THE LATTER IS ASSIGNED EXCLUSIVELY TO BOLIVIA. DURAN SAID THAT PERU'S CASE WAS BASED ON ANDEAN PACT JUNTA DATA WHICH INDICATED THAT IN THE NEAR FUTURE THE PERUVIAN MARKET FOR A-2 VEHICLES WOULD BE 40,000 UNITS ANNUALLY. THIS FIGURE FAR EXCEEDS THE PROJECTED DEMAND OF VENEZUELA (29,000), COLOMBIA (20,000), ECUADOR (8000), AND BOLIVIA (5000).

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2. CONCURRENT PRESS REPORTS CLAIM THAT PERU HAS SUGGESTED TO ECUADOR THAT IN RETURN FOR SHARING WITH PERU ITS A-2 ASSIGNMENT PERU WOULD SHARE ITS ASSIGNMENT OF A-3 VEHICLES (1500 TO 2000 CC). (ANDEAN PACT COMMISSION MEMBER WILLY VARGAS' REVELATION OF BOLIVIA'S OFFER TO SHARE ITS B-2 ASSIGNMENT IN RETURN FOR THE PRODUCTION OF TRANSMISSIONS WAS REPORTED REFTEL.)

3. OTHER SOURCES HAVE CONFIRMED THE GENERAL OUTLINE OF THE FOREGOING PROPOSALS BUT INDICATED ECUADOR'S RESPONSE WAS STILL UNCERTAIN. MINISTER DURAN IN HIS INTERVIEW WAS CLEARLY OPTIMISTIC AND PLEASED WITH THE PROSPECT OF A SOLUTION.

4. DURAN USED THE INTERVIEW TO REPEAT A DENIAL MADE EARLIER THAT PERU HAD BEEN UNDER GREAT PRESSURE FROM MULTINATIONAL AUTOMOTIVE FIRMS TO RESIST ACCEPTANCE OF THE DRAFT PROGRAM AND TO MODIFY EXISTING PLANS FOR DEVELOPMENT OF NATIONAL AUTOMOTIVE PRODUCTION CAPACITY. (FYI: CHRYSLER WAS THE FIRM REPUTED TO HAVE BROUGHT THE HEAVIEST PRESSURE ON THE PERUVIAN GOVERNMENT. END FYI).

5. COMMENT: WHILE THE OUTLOOK FOR THE SUCCESSFUL COMPLETION OF PROTRACTED NEGOTIATIONS ON THE AUTOMOTIVE SECTOR PROGRAM IS STILL UNCLEAR, THESE MOST RECENT DEVELOPMENTS CAN ONLY BE SEEN AS ENCOURAGING.
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